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CPW Report No. 56-A -- COMMUNIST CHINA

(Jan. 5 - 12, 1953)

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## SUMMARY

Declining comment on Sino-Soviet friendship and China's debt to the USSR is noticeable, but the return of Liu Shao-chi after more than three months in Russia may presage new efforts to speed up China's Sovietization. Meantime, emphasis is on more subtle Russianization moves, such as strengthening of Party controls and building of the war potential through "basic construction," at the expense of consumer goods production. The need for consumer goods is apparent from continued attempts to woo private businessmen, denounced as criminals not long ago; hoarding of scarce goods; illegal slaughtering of oxen needed in spring farming; elaborate efforts to exploit mineral resources; and vague promises of materials from Satellite nations. Workers are warned to increase output with "present production equipment," indicating little direct USSR aid is to be expected.

The drive to build capital industry utilizes such moves as commandeering horse carts, appropriating private schools, and combing the Nation for experienced technicians. Resistance is evident, even in Peking, where Government units are accused of bidding against each other to hold skilled workers. In the Southwest, inspection teams will enforce transfers to basic construction, while "supervisory" units in financial and economic enterprises are given broad powers, including access to all files and facilities for organizing informers' networks.

New life is given Resist-America, Aid-Korea Committees, with a drive to intensify their activities promised. Further evidence of war burdens is seen in frequent mention of preferential treatment, new bank assistance for peasants, and a scheduled conference of the Chinese Red Cross. Extensive Militia expansion suggests anticipation of trouble at home as well as new war demands.

Evidently land reform rules have been changed, as certain livestock producing areas, exempt from the measures, now are called "semiagricultural," and subject to land appropriation.

Considerable propaganda is made of the Rosenbergs, and U.S. exploitation of Japan, but what may be considerably more significant is new emphasis on charges that America plans direct intervention in Indochina.

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